

must act quickly to ensure we do not allow a formulated quirk to punish our seniors on fixed incomes in our financially strapped States.

Many seniors have their Medicare Part B premiums deducted from their monthly Social Security checks. Normally, the Social Security cost-of-living adjustment is greater than the increase in the Part B premium for that year. As a result, the beneficiaries' monthly checks in the new year are greater than their monthly checks were in the last year. But next year there is not likely to be an upward cost-of-living adjustment in Social Security checks. When that happens, most Medicare beneficiaries are held harmless against reductions in their Social Security checks. The Part B premium is reduced so that their monthly Social Security checks in the new year are not less than they were in the prior year.

However, 27 percent of Medicare enrollees do not benefit from hold harmless. The absence of a cost-of-living adjustment will expose these seniors to big premium increases next year. Under current law, these enrollees not only have to pay their own premiums, but they must make up the premiums by the 73 percent of beneficiaries we hold harmless. These 27 percent of Medicare recipients will be forced to shoulder the full load of next year's premium increases. This will mean an increase in premiums up from \$96 to \$120 a month next year. Who are these recipients? They include low-income beneficiaries who participate in both Medicare and Medicaid. They include new enrollees in Medicare Part B. They also include Medicare Part B enrollees who don't receive Social Security, such as some Federal retirees. They include higher income enrollees who already pay higher premiums.

This burden will hit Medicare beneficiaries hard, but financially strapped States will also feel the effect because State Medicaid Programs pick up the cost of Part B premiums for Medicare beneficiaries who are also eligible for Medicaid. The premium hike would also hit State budgets because of that reason. States all across the Nation are facing huge deficits and difficult choices, and we should not allow this quirk in the law to add to their burden.

The Medicare Premium Fairness Act would correct this. It would ensure that these 27 percent of Medicare beneficiaries would not have to shoulder any additional burden. No Medicare Part B enrollee would face a higher premium next year over this year. The bill would provide security to seniors on fixed incomes. To prevent Federal cost shift to States, the bill would pay for and would tap into the Medicare Improvement Fund, which was created to solve problems such as this.

Inaction on this bill is not an option for seniors and States, and I hope the bill will have broad bipartisan support.

Madam President, I ask unanimous consent that the Finance Committee

be discharged from further consideration of H.R. 3631, the Medicare Premium Fairness Act, and the Senate proceed to its immediate consideration; further, that the bill be read a third time and passed, and the motion to reconsider be laid upon the table, with no intervening action or debate.

The PRESIDING OFFICER. Is there objection?

Mr. COBURN. Reserving the right to object, I ask unanimous consent to be recognized for 3 or 4 minutes as I respond to this, if the Senator from Montana does not have any objection.

The PRESIDING OFFICER. Is there objection?

Mr. BAUCUS. None.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. COBURN. Madam President, America has to ask itself a question right now. This bill costs \$2.8 billion, and 95 percent of the people will not feel anything if we don't do this. But 5 percent will, and I readily admit that. We are going to take \$2.8 billion from our kids or from future Medicare payments—one way or the other, we are going to steal it from our kids—to fix a problem for 5 percent of the people who are on Medicare or will be on Medicare.

This is exactly the kind of problem that the Congress ducks. We are ducking it. We are kicking the can down the road because we are afraid to do the right best thing for America.

Let me give a breakdown. First, I will just say I appreciate the leadership of the Senator from Montana on the Finance Committee.

The Social Security Act holds three-quarters of the beneficiaries harmless for increases in the Medicare Part B premium during the years in which there is no COLA, as the chairman just stated. But for the other one-fourth of the beneficiaries not held harmless, little impact will be felt. According to the Congressional Research Service, the majority of this group is comprised of Medicaid, as the chairman just stated, the vast majority of them, which covers their premiums anyway. So if there is a cost transfer, it will be cost-transferred back to the Federal Government anyway because we pay 67 percent of all the Medicaid costs anyway. Finally, the remainder of those not held harmless—high-income individuals making over \$85,000 a year as an individual or \$170,000 as a couple and new beneficiaries during their first year, for which they will receive Medicare, Social Security, or Medicare Part B benefits—the vast majority of all these people have a supplemental policy, so they won't feel anything.

So what are we doing? We are taking \$2.8 billion—and we may be taking it from the Medicare Improvement Fund, which ultimately takes it out of Medicare, or we are going to take it from our grandkids, and we are not going to say that we can't do this. There was no inflation except in health care. And when you look at it, there is actually a

negative number, negative inflation. There was actually deflation. Things roughly cost six-tenths of 1 percent less this year than last, and those are the basic necessities of life. And because we don't have the courage to face the situations in front of us, we are just going to kick it down the road. That is what is wrong. That is why we find ourselves with \$12 trillion worth of debt, almost now \$100 trillion in unfunded liabilities. That is why we find that a child born today has \$400,000 in unfunded liabilities, and by the time they are 20 years of age they will be responsible for \$800,000 worth of debt on them that they incurred for us.

So I will make two final points. The heritage of this country is for one generation to sacrifice for the next. This generation in this body has turned that upside down, and we are saying to the next two generations: You sacrifice for us because we don't have the courage to make the hard choices. And the hard choices have to be made. We are on an absolutely unsustainable course in this country financially. Read the papers. The dollar is under assault. We are dependent on foreign countries to finance our debt. Our debt will double in the next 5 years and triple in the next 10. And now we are playing the political game of not having a small percentage of seniors having an increase in cost, and mainly those who can afford it.

So the question is, take \$2.8 billion from our grandkids, one way or the other, and protect that 5 percent of the seniors, including Bill Gates and every other very rich person in this country, or do as the Honorable STENY HOYER said, the majority leader for the Democrats in the House:

I don't know how many of you can go to sleep at night worried about whether Ross Perot can pay his premium, but this will freeze Ross Perot's basic premium from going up. I think that as well meaning as this legislation is, it's not about poor seniors, it's about politics.

I recognize this can come back and we will do it, but at this time, for the good of our country, to restore the heritage of our country, Madam President, I have to object.

The PRESIDING OFFICER. Objection is heard.

Mr. BAUCUS. Madam President, I regret that the Senator from Oklahoma feels constrained to object. I will continue to work to see that Medicare beneficiaries are not unfairly harmed. I must also say that this is not for the Ross Perots of the world. There are due eligibles—there are many people who are very poor who will be harmed unless this legislation is passed. I might also say that this bill is paid for, despite the implications to the contrary. It is paid for with funds already set aside at an earlier date in the Medicare Improvement Fund—a fund that was set up for just such purposes. So despite the implications about the future children and grandchildren, the fact is, this is already paid for in funds previously set aside.